

<b>APPLICATION FOR FEDERAL ASSISTANCE</b>		2. DATE SUBMITTED		APPLICANT IDENTIFIER	
1. TYPE OF SUBMISSION:		3. DATE RECEIVED BY STATE		STATE APPLICATION IDENTIFIER	
<div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <i>Application</i>  <input type="checkbox"/> Construction  <input checked="" type="checkbox"/> Non-Construction         </div> <div style="width: 45%;"> <i>Preapplication</i>  <input type="checkbox"/> Construction  <input type="checkbox"/> Non-Construction         </div> </div>		4. DATE RECEIVED BY FEDERAL AGENCY		FEDERAL IDENTIFIER	
<b>5. Applicant Information</b>					
Legal Name <b>County of San Bernardino</b>			Organizational Unit <b>Economic and Community Development</b>		
Address (give city, county, state, and zip code): <b>290 North D Street, Sixth Floor San Bernardino, CA 92415</b>			Name and telephone number of the person to be contacted on matters involving this application (give area code) <b>Thomas R. Laurin, (909) 388-0808</b>		
6. EMPLOYER IDENTIFICATION NUMBER (EIN): <b>95-6002748</b>			7. TYPE OF APPLICANT: (enter appropriate letter in box) <input checked="" type="checkbox"/> <b>B</b> <div style="display: flex; flex-wrap: wrap;"> <div style="width: 50%;">A. State</div> <div style="width: 50%;">H. Independent School District</div> <div style="width: 50%;">B. County</div> <div style="width: 50%;">I. State Controlled Institution of Higher Learning</div> <div style="width: 50%;">C. Municipal</div> <div style="width: 50%;">J. Private University</div> <div style="width: 50%;">D. Township</div> <div style="width: 50%;">K. Indian Tribe</div> <div style="width: 50%;">E. Interstate</div> <div style="width: 50%;">L. Individual</div> <div style="width: 50%;">F. Intermunicipal</div> <div style="width: 50%;">M. Profit Organization</div> <div style="width: 50%;">G. Special District</div> <div style="width: 50%;">N. Other (Specify): _____</div> <div style="width: 50%;">O. Non-Profit</div> </div>		
8. TYPE OF APPLICATION <input checked="" type="checkbox"/> New <input type="checkbox"/> Continuation <input type="checkbox"/> Revision  If Revision, select appropriate letter(s) in box(es): <div style="display: flex; justify-content: space-around;"> <div style="border: 1px solid black; width: 40px; height: 15px;"></div> <div style="border: 1px solid black; width: 40px; height: 15px;"></div> </div> <div style="display: flex; justify-content: space-around; margin-top: 5px;"> <div>A. Increase Award</div> <div>D. Decrease Duration</div> </div> <div style="display: flex; justify-content: space-around;"> <div>B. Decrease Award</div> <div>E. Other (specify here): _____</div> </div> <div style="display: flex; justify-content: space-around;"> <div>C. Increase Duration</div> <div></div> </div>			9. NAME OF FEDERAL AGENCY  <b>USDA Forest Service (S&amp;PF NFP)</b>		
10. CATALOG OF FEDERAL DOMESTIC ASSISTANCE NUMBER:  <b>10-664</b>			11. DESCRIPTIVE TITLE OF APPLICANT PROJECT:  <b>Economic Incentives for Small Business Wood Product Processing and Market Development for Wood Products</b>		
12. AREAS AFFECTED BY PROJECT (cities, counties, states, etc.):  <b>Unincorp. areas of San Bernardino Mountains</b>					
13. PROPOSED PROJECT		14. CONGRESSIONAL DISTRICTS OF:			
Start Date      Ending Date		Reference: <a href="http://www.sen.ca.gov/ftp/SEN/cngplan/AB_632_CONGRESS.TXT">http://www.sen.ca.gov/ftp/SEN/cngplan/AB_632_CONGRESS.TXT</a>			
<b>8/1/03      12/31/04</b>		a. Applicant		b. Project	
		<b>41<sup>st</sup> Congressional Dist.</b>		<b>41<sup>st</sup> Congressional Dist.</b>	
15. ESTIMATED FUNDING:		16. IS APPLICATION SUBJECT TO REVIEW BY STATE EXECUTIVE ORDER 12372 PROCESS?			
a. Federal		a. YES. THIS PREAPPLICATION/APPLICATION WAS MADE AVAILABLE TO THE STATE EXECUTIVE ORDER 12372 PROCESS FOR REVIEW ON: DATE:  b. <input checked="" type="checkbox"/> NO. PROGRAM IS NOT COVERED BY E.O. 12372 <input type="checkbox"/> OR PROGRAM HAS NOT BEEN SELECTED BY STATE FOR REVIEW			
b. Applicant					
c. State					
d. Local					
e. Other					
f. Program Income		17. IS THE APPLICANT DELINQUENT ON ANY FEDERAL DEBT?			
g. TOTAL					
<div style="display: flex; justify-content: space-between;"> <div>\$ <b>124,000</b></div> <div>\$ <b>23,560</b></div> <div>\$ <b>0.00</b></div> <div>\$ <b>0.00</b></div> <div>\$ <b>0.00</b></div> <div>\$ <b>7,440</b></div> <div>\$ <b>155,000</b></div> </div>		<input type="checkbox"/> Yes    if "Yes" attach an explanation <input checked="" type="checkbox"/> No.			
18. TO THE BEST OF MY KNOWLEDGE AND BELIEF, ALL DATA IN THIS APPLICATION/PREAPPLICATION ARE TRUE AND CORRECT, THE DOCUMENT HAS BEEN DULY AUTHORIZED BY THE GOVERNING BODY OF THE APPLICANT AND THE APPLICANT WILL COMPLY WITH THE ATTACHED ASSURANCES IF THE ASSISTANCE IS AWARDED					
a. Typed Name of Authorized Representative <b>Dennis Hansberger</b>			b. Title <b>Chairman</b>		c. Telephone number <b>(909) 387-4855</b>
d. Signature of Authorized Representative					e. Date Signed

### Abstract

**Type of Project (Plan, Equipment Purchase, Feasibility Study etc) and write a brief description of project activities.**

**Response:**

The San Bernardino County Department of Economic and Community Development (ECD) is requesting funding to provide low-interest loans to existing portable mill operators so that they may expand their operations and create new products that can be marketed. The mill operators and products developed will be derived specifically from blue-stained Ponderosa Pine that has been killed in the San Bernardino Mountains by Bark Beetles and unprecedented drought. It is hoped that the marketing efforts and milling efforts of these individuals will assist in establishing more long-term viable products and markets for this wood. A massive volume of wood is being created, and as of April 2003, an estimated 6 million board-feet existed.

### Community Situation

**Describe your community's needs and quantify and support your responses whenever you can.**

What is the opportunity, problem, or need the proposal seeks to address?

- Name of plan in which this project is addressed (Community, Tribal, Fire Safe Plan, Tourism, Business or Marketing Plan, etc.).
- Is this proposal being considered by any other agency for funding? Please provide details.
- Name of plan in which this project is addressed (Community, Tribal, Fire Safe Plan, Tourism, Business or Marketing Plan, etc.).
- Is this proposal being considered by any other agency for funding? Please provide details.
- Are affected communities at risk from wildfire?

**Response:**

**Statement of the Problem:**

The San Bernardino Mountain communities are surrounded by the San Bernardino National Forest. With the prolonged drought conditions and the infestation of the Bark Beetle along with the maturity of the forest has created a high fire threat to the mountain communities of San Bernardino County on both private and public lands which houses more than 60,000 in population and residential property values of more than \$2.2 billion. The U.S. Forest Service mapping conducted in October 2002 and January 2003 identified approximately 100,000 acres of mortality on both public and private lands (72,496 on public land and 27,000 acres on private land). U.S. Forest Service officials state they expect the problem to double and possibly triple in the next 18 months. In October, the U.S. Forest Service estimated approximately 32 million board-feet of wood. That number has since increased significantly.

The County of San Bernardino Board of Supervisors has declared the area a Local Emergency, and the Governor of the State of California has also declared a State of Emergency.

There are two types of wood being removed from the area: "Green" and "Stained." The Green logs are classified as live or recently dead with little or no imperfections.

Most of the material, however, is "Stained." This means that the tree has been standing dead for a period of time, and the bark beetles have left a fungus, known as "blue stain" behind. The stain is generally undesirable for the wholesale lumber market. Further, the Ponderosa Pine is not generally used in standard construction, which is the largest potential market. The construction industry typically uses Douglas Fir or Hemlock for structural lumber. The Ponderosa Pine can be used as siding, fencing material, furniture (where specified), and other non-structural markets. However, the blue stain acts much like a knot in the wood upon painting and finishing, as it will absorb more of the paint or varnish, making it less uniform and desirable.

There is currently only one large saw mill that will accept the material from the San Bernardino Mountains - Terra Bella, near Bakersfield. Terra Bella has found a market for the Ponderosa Pine as form board for concrete construction in the Midwest.

Interestingly, most of the material that is being removed is classified as having the blue stain. Additionally, as log trucks enter the mill, the entire load will be classified as stained, even if a portion of the logs on the truck are Green. Further, because these logs are being culled from private land, there is a significant metal content (from TV antennas, electric services, signs, etc.). Terra Bella reports that they will "throw out" about 10 logs per shift (about 80 logs of the approximate 200 that are brought in from the Mountains) due to heavy metal content. These logs are then deducted from what the licensed timber operator is paid.

Currently, there are seven (7) large licensed timber operators who have contracts with the saw mill in Terra Bella, which is near Bakersfield, and owned by Sierra Forest Products. Terra Bella will pay the licensed timber operators for the wood they bring to the mill. Until now, the licensed timber operators have been able to make somewhat of a profit on the wood, and this significantly helped them reduce their cost to homeowners to remove the trees, thus keeping them competitive with the tree services.

The price the mill pays for the logs, however, actually dropped in June. It only became a crisis this month because the seven (7) licensed timber operators were operating on two-month contracts, using a May 2003 price structure. Therefore, the decrease in the money they will be receiving under the July 2003 price schedule, compared to what they received under the May 2003 price schedule, is significant.

As indicated, there is no change in the smaller diameter material, which had been diverted to the firewood market, or placed as "extra" pieces on the large log trucks. As indicated, effective July 1, 2003, however, the mill decreased what it will pay for the larger diameter blue stained Ponderosa Pine, which experienced price drops between 19% and 31%. In the Green category, there is only a small reduction in the price the mill pays in the 16"-24" diameter class.

Therefore, a number of portable mill operators have approached San Bernardino County with viable alternatives for less desirable class wood. However, to handle the volume, these small businesses need equipment, and/or personnel. As an incentive to eliminate the danger of extreme fire hazards caused by the dead and dying trees, the County will offer low-interest, small business loans to mill operators to facilitate the acquisition of needed equipment and other costs related to the increased cutting activity.

Additionally, there is an increasing need to find new markets for the material as the existing markets are saturated. Portable mill operators can assist in filling the gap by exploring new products, such as pine nursery stock boxes, or furniture made with "Arrowhead Blue Grain" or some other marketing strategy. Faux log siding has also been proposed as a viable alternative product.

#### Importance of Federal Funds

Federal funds are critical to the overall success of the proposal. The State Budget Crisis has significantly impacted the County's revenue, and layoffs may be needed in the coming year to meet the budget shortfall. Therefore, the County General Fund is very limited to expand existing programs or create new ones.

The current hazard fuel loading throughout the San Bernardino Mountain communities is so high, that the County cannot ignore the need to assist and facilitate its treatment.

#### Plan Which Project Addresses

This project fulfills the goals of the the County of San Bernardino Board of Supervisors' Local Emergency Plan.

#### Communities At Risk

All San Bernardino Mountain Communities, including but not limited to, Big Bear, Lake Arrowhead, Running Springs, Crestline, and Wrightwood are at risk.

The steep terrain in both public and adjacent U.S. Forest contains many contiguous areas of dead fuel. Additionally, due to the length of time the trees have been dead, the trees are rapidly becoming a falling hazard, falling on structures and power lines causing localized fires.

### Fire History

There has been no major fires in the San Bernardino National Forest private lands in over 100 years. Therefore, this area is ripe for a significant fire event. With \$2.2 billion in residential real estate alone, a fire in this region could be disasterous. Additionally, the communities of the entire mountain only have three major highways off the mountain: Highway 18, Highway 330, and Highway 138. All of these highways are bordered by or contained within the San Bernardino National Forest lands, which also contain high dead fuel content. These major evacuation routes could be closed in the event of a significant fire in the National Forest.

Recent fires include: the Panorama fire, along the south side of Highway 18; the Arrowhead Fire in 2002; the Willow Fire in 1999; and several other smaller fires along the ridge of Highway 18 in 2002 that caused the evacuation of several residents in the Crest Forest area of Crestline, as well as the temporary closure of Highway 18. These fires predominately burned the National Forest public lands and did not burn into the urban interface.

**FY 2003 S&PF Economic Action and Community Protection Programs**  
**Proposal Application**  
**Enclosure (5)**

**Project Work Plan and Timeline**

List tasks and time frames including environmental compliance and public involvement. Cost calculations should show task/service (e.g. #hours, #trips, #acres) \* unit cost (e.g. \$ per hour; \$/acre) = \$ cost for task 1.

<b>Sequential Tasks</b>	<b>Time Frame (Month 1 – 12)</b>	<b>Responsible Party</b>	<b>Cost Calculations</b>
Environmental Review	N/A	(this activity is exempt)	N/A
Create Qualifications for Loan/Grant Documents and Promotional Brochures	August 2003	County of San Bernardino Economic and Community Development Department	\$10,000
Issue Notices of Available Loan Program	August 2003	County of San Bernardino Economic and Community Development Department	\$124,000
Program Administration Outreach Underwriting	August 2003- December 2004	County of San Bernardino Economic and Community Development Department	\$13,560
Program Income	August 2003- December 2004	County of San Bernardino Economic and Community Development Department	\$7,440

## Project Design

**Provide additional information not included in SF 424A and Project Work Form.**

**Attach map if Community Protection Program.**

- Environmental, cultural and historical resource requirements (NEPA, CEQA, ESA, NHPA) and their status.
- Public involvement, partnerships (Federal, State, Tribal, Community, Fire Safe Council etc ) participation.
- Track record of proponent with similar projects.

### **Response:**

#### **Program Guidelines:**

Loan program will utilize the basic eligibility requirements and underwriting criteria established for the County's existing Small Business Enhancement Loan Program. Loans will be made in amounts from \$5,000 to \$25,000 to mill operators with a satisfactory business history of at least two (2) years. Loans will be fully amortized over a period not to exceed seven (7) years at an interest rate of six (6) percent. Applicants must demonstrate sufficient debt service capability to re-pay the loan. Loans will be made for equipment acquisition and working capital related to the cutting and processing of dead and dying trees. Working capital shall not exceed twenty-five (25) percent of the total amount of the loan.

#### **Program Promotion:**

Loan program will be promoted through display advertisements and press releases appearing in weekly newspapers local to the mountain communities. Public service announcements will be released to local radio stations and information flyers will be available at County buildings and other public facilities throughout the region. County representatives will also be available as needed to discuss the program at public and community meetings.

#### **Environmental:**

No CEQA or NEPA would be required for this contract.

#### **Public Involvement:**

The two (2) Fire Safe Councils – Crestline/Running Springs, and Lake Arrowhead have held monthly public fire prevention forums, in addition to regular public meetings. County Fire, USFS and California Department of Fire and Forestry regularly attend meetings and host public forums with the Fire Safe Councils. In addition, MAST meets regularly and has identified this project as meeting one of its goals.

#### **Track Record with Similar Projects:**

The San Bernardino County Department of Economic and Community Development administers annually millions of dollars of loan. These funds are generally provided by the federal Department of Housing and Urban Development. The County has the infrastructure and technical expertise in-house to manage the loan process, process payment vouchers, conduct site and financial audits, and other actions associated with administering loan programs.

## Budget Narrative

**Document basis for unit and services costing included in Project Work Plan and SF 424A.**

**Response:**

Loan portion 100%	\$124,000
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**Applicant Funding**

County will provide in-kind services to administer the program. Any program income received from the interest will be used by the County for additional administrative fees and program monitoring. Other in-kind services include public outreach and underwriting.

Create Qualifications for Loan/Grant Documents and Promotional Brochures (\$10,000)

120 hours @ \$45	\$5,400
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Printing and Supplies	\$4,660
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Program Administration

30 hours @ \$45/ hour	\$1,350
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Outreach

90 hours @ \$45/hour	\$4,050
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Underwriting

180 hours @ \$45/hour	\$8,100
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Program Income (based on 6% simple interest)	\$7,440
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Project Total	\$155,000
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## **Benefits and Sustainability**

### **Identify project outcomes, list every community that will benefit from this project (including unincorporated areas)**

- |   |  |
|---|--|
| <ul style="list-style-type: none"><li>• Identify project outcomes and benefits</li><li>• Describe how Outreach and project implementation (including Title VI Civil Rights) will ensure access and involvement of interested and affected public.</li></ul> | <ul style="list-style-type: none"><li>• Effects on Long-term economic diversification and community/tribal capacity.</li><li>• Quantify forest product types and volumes that will be utilized.</li><li>• Potential for direct and indirect job creation</li></ul> |
|---|--|

#### **Response:**

##### Outcomes and Benefits

It is believed that providing portable mill operators with rapid assistance to expand their operations, as well as assist them in creating new market niches, will greatly enhance the the wood's ability to be used, rather than disposed of. Currently, non-marketable wood is burned at the County's incinerator, or chipped for landscaping material and biomass.

##### Outreach Efforts:

ECD, as the lead agency will work with the forest products industry to ensure the availability of the program funds are provided to portable mill operators in the area, and those who have contacted the County with the intent to locate in the area. The funds may be extended to those mills in Riverside County if the mill operator can handle wood from the San Bernardino Mountains.

##### Long-Term Economic Diversification

The portable mill operator will have demonstrated long-term experience in marketing wood and wood waste products. These funds will enhance the operator's existing operations and ability to handle a higher volume of material.

##### Quantification of Forest Products

To quantify the forest products that would generated through this program:

- There are 39,200 lots between Cedarpines Park and Green Valley Lake (of which 23,311 are developed);
- Each lot has an average of 6 trees per lot (at current mortality rate only);
- Each tree produces an average of 1 ton of material;
- The urbanized interface communities known as Crestline and Lake Arrowhead, which are targeted as having the highest mortality, constitute approximately 15,000 acres.
- Assumes average lot size is ¼ acre.

Therefore, it is estimated that the Registered Professional Forester will oversee the fuel treatment and coordination for more than 15,000 acres, not including coordinating public and private fuel treatment partnerships.

The type of product is classified as coniferous pine.

##### Potential for Job Creation

It is anticipated that the fuel reduction projects continue through winter of 2006. Portable mill operators will likely need additional employees to handle the increased work load.



SECTION A - BUDGET SUMMARY						
Grant Program Function or Activity (a)	Catalog of Federal Domestic Assistance Number (b)	Estimated Unobligated Funds		New or Revised Budget		
		Federal (c)	Non-Federal (d)	Federal (e)	Non-Federal (f)	Total (g)
1. Economic Incentives	10-670	\$	\$	\$ 124,000	\$ 31,000	\$ 155,000
2.						
3.						
4.						
5. Totals		\$	\$	\$	\$	\$
SECTION B - BUDGET CATEGORIES						
6. Object Class Categories	GRANT PROGRAM, FUNCTION OR ACTIVITY				Total (5)	
	Federal	County	Local	(4)		
a. Personnel	\$	\$ 13,230	\$ 7,440	\$	\$ 20,670	
b. Fringe Benefits		5,670			5,670	
c. Travel						
d. Equipment						
e. Supplies		4,660			4,660	
f. Contractual						
g. Construction						
h. Other	124,000				124,000	
i. Total Direct Charges (sum of 6a-6h)						
j. Indirect Charges						
k. TOTALS (sum of 6i-6j)	\$ 124,000	\$ 23,560	\$ 7,440	\$	\$ 155,000	
7. Program Income (interest at 6%)	\$	\$	\$ 7,440	\$	\$ 7,440	

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Standard Form 424A (Rev. 7-97)  
Prescribed by OMB Circular A-102

SECTION C - NON-FEDERAL RESOURCES					
(a) Grant Program		(b) Applicant	(c) State	(d) Other Sources	(e) TOTALS
8. Economic Incentives		\$ 31,000	\$	\$	\$ 31,000
9.					
10.					
11.					
12. TOTAL (sum of lines 8-11)		\$	\$	\$	\$
SECTION D - FORECASTED CASH NEEDS					
	Total for 1st Year	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
13. Federal	\$ 124,000	\$ 62,000	\$ 62,000	\$ 0	\$ 0
14. Non-Federal	31,000	15,500	15,500	0	0
15. TOTAL (sum of lines 13 and 14)	\$ 155,000	\$ 77,500	\$ 77,500	\$ 0	\$ 0
SECTION E - BUDGET ESTIMATES OF FEDERAL FUNDS NEEDED FOR BALANCE OF THE PROJECT					
(a) Grant Program	FUTURE FUNDING PERIODS (Years)				
	(b) First	(c) Second	(d) Third	(e) Fourth	
16. Economic Incentives	\$	\$ 0	\$ 0	\$ 0	
17.					
18.					
19.					
20. TOTAL (sum of lines 16-19)	\$	\$	\$	\$	
SECTION F - OTHER BUDGET INFORMATION					
21. Direct Charges: N/A			22. Indirect Charges: N/A		
23. Remarks: N/A					

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